

Oregon Telephone Assistance Program (OTAP)/Lifeline Application

You may complete an OTAP/Lifeline application online at: www.rspf.org

Oregon Public Utility Commission
PO Box 2148, Salem OR 97308
1-800-848-4442 or 503-373-7171
1-800-648-3458 (TTY)
971-239-5845 (Videophone)
Fax: 1-877-567-1977 or 503-378-6047
puc.rspf@state.or.us

The Oregon Public Utility Commission (PUC) manages the Oregon Telephone Assistance Program (OTAP), also known as Lifeline. If you qualify, this federal and state government assistance program reduces your monthly phone bill by \$12.75.

You may qualify if you participate in one of the following programs:

- Supplemental Nutrition Assistance Program; Food Stamps (SNAP)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program; *Free Lunch Program Only* (NSLP)
- Certain State Medical Programs or Certain Medicaid Programs at or below 135% of the federal poverty guidelines

Landline phone companies that provide the OTAP/Lifeline benefit:

Asotin	Frontier	Nehalem	Roome Tel Com
Beaver Creek	Gervais	North State	Scio Mutual
Canby Co-Op	Helix	Oregon Tel. Corp.	St. Paul
CenturyLink	Home/TDS	Oregon/Idaho	Stayton Co.
Clear Creek	Molalla	People's	Warm Springs
Colton	Monitor	Pine Phone Co.	
ComSpan	Monroe	Pioneer	
Eagle	Mt. Angel	Reliance Connects	

Wireless phone companies that provide the OTAP/Lifeline benefit:

AT&T Mobility* -in select areas Cricket Snake River PCS US Cellular

The OTAP/Lifeline benefit cannot be applied to Pay-As-You-Go Plans.

*AT&T Mobility only offers the OTAP/Lifeline benefit in select areas.
Call 1-800-377-9450 to determine if the OTAP/Lifeline benefit is offered in your coverage area.

**AKT****CPAS AND BUSINESS CONSULTANTS**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trans-Cascades Telephone Company
Estacada, Oregon

We have audited the accompanying financial statements of Trans-Cascades Telephone Company (the Company), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trans-Cascades Telephone Company at December 31, 2013 and 2012, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2014, on our consideration of Trans-Cascades Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trans-Cascades Telephone Company's internal control over financial reporting and compliance.

AKT LLP

Salem, Oregon
April 22, 2014

580 HAWTHORNE AVENUE SE, #140, SALEM, OR 97301

PHONE: 503.595.7774 FAX: 503.364.8405

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK

AKT LLP

TRANS-CASCADES TELEPHONE COMPANY

Balance Sheets

December 31, 2013 and 2012

ASSETS	2013	2012
Current Assets:		
Cash and cash equivalents		
Marketable securities	R	R
Accounts receivable		
Accounts receivable, affiliates	E	E
Prepaid expenses		
Income taxes receivable	D	D
Total Current Assets	A	A
Other Assets:		
Marketable securities	C	C
Investments	T	T
Total Other Assets	E	E
Property, Plant, and Equipment:		
In service	D	D
Under construction		
Less accumulated depreciation	Hard	Hard
Property, Plant, and Equipment, net	Copy	Copy
	To	To
	Be	Be
	Mailed	Mailed

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
Current portion of long-term debt		
Accounts payable	R	R
Accrued liabilities		
Customer deposits and advance billing	E	E
Total Current Liabilities	D	D
Long-Term Liabilities: Long-term debt		
Total Liabilities	A	A
	C	C
Stockholders' Equity:		
Common stock, authorized 50,000 shares, \$1 par value	T	T
24,122 shares issued and outstanding		
Additional paid in capital	E	E
Accumulated other comprehensive income		
Retained earnings	D	D
Total Stockholders' Equity		
	Hard	Hard
	Copy	Copy
	To	To
	Be	Be
	Mailed	Mailed

TRANS-CASCADES TELEPHONE COMPANY

Statements of Income

Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues:		
Local network	R	R
Network access		
Miscellaneous		
Total Operating Revenues	E	E
Operating Expenses:	D	D
Plant specific		
Plant nonspecific	A	A
Customer		
Corporate	C	C
Depreciation		
Total Operating Expenses	T	T
Operating Income Tax Benefit	E	E
Other Operating Taxes		
Total Operating Expense and Taxes	D	D
Operating Income		
Other Income (Expense):	Hard	Hard
Investment income		
Interest expense	Copy	Copy
Non-regulated expense, net		
Non operating income tax benefit	To	To
Total Other Income	Be	Be
Net Income	Mailed	Mailed

TRANS-CASCADES TELEPHONE COMPANY**Statements of Cash Flows**

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:	R	R
Depreciation	E	E
Amortization of bond premium	E	E
Change in deferred taxes	D	D
Realized loss on sale of marketable securities	D	D
Changes in assets and liabilities:		
Accounts receivable	A	A
Accounts receivable, affiliate		
Income taxes receivable	C	C
Prepaid expenses		
Accounts payable	T	T
Accrued expenses		
Customer deposits and advance billing	E	E
Net Cash Provided by Operating Activities	D	D
Cash Flows from Investing Activities:		
Proceeds from sale and maturities of marketable securities		
Purchase of marketable securities		
Purchase of property, plant, and equipment	Hard	Hard
Net Cash Used by Investing Activities	Copy	Copy
Cash Flows from Financing Activities:		
Proceeds on long-term debt	To	To
Payments on long-term debt		
Proceeds from ARRA BIP grant	Be	Be
Dividends and distributions paid		
Net Cash Provided by Financing Activities	Mailed	Mailed
Net Change in Cash and cash equivalents		
Cash and cash equivalents, beginning		
Cash and cash equivalents, ending		2
Cash Paid During the Year for Taxes		
Cash Paid During the Year for Interest		

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS		This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
		BORROWER NAME TRANS-CASCADES TELEPHONE COMPANY	
		ADDRESS ESTACADA, Oregon	
INSTRUCTIONS -Submit report to RUS within 15 days after close of the period.		PERIOD ENDING December, 2013	BORROWER DESIGNATION OR1109
CERTIFICATION			
We hereby certify that: 1. the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief; and 2. we have fulfilled our obligations under the Loan Documents throughout the year in all material respects ALL INSURANCE REQUIRED BY 7 CFR PART 1782, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the notes section of this report.	
Brenda Crosby		04/24/2014 DATE	

PART A. BALANCE SHEET			
ASSETS	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE END OF PERIOD
CURRENT ASSETS		CURRENT LIABILITIES	
1. Cash and Equivalents	R	16. Accounts Payable	R
2. Cash-RUS Construction Fund	E	17. Notes Payable	E
3. Accounts Receivable	D	18. Current Mat. L/T Debt - RLIS	D
4. Notes Receivable	A	19. Current Mat. UT Debt-Other	A
5. Materials and Inventory	C	20. Current Mat.-Capital Leases	C
6. Other Current Assets	T	21. Other Current Liabilities	T
Total Current		Total Current	
7. Assets (1 thru 6)	E	22. Liabilities (16 thru 21)	E
NONCURRENT ASSETS		LONG-TERM DEBT	
8. Investment in Affiliated Companies	D	23. Funded Debt-RUS Notes	D
9. Other Noncurrent Assets	F	24. Funded Debt-RTB Notes	F
PLANT, PROPERTY, AND EQUIPMENT		25. Funded Debt-FFB Notes	
10. Telecom. Plant-in-Service	O	26. Funded Debt-Other	O
11. Plant Under Construction	R	Total Long-Term	R
12. Plant Adj., Nonop. Plant, & Goodwill	P	27. Debt (23 thru 26)	P
13. Less Accumulated Depreciation	U	OTHER LIAB. & DEF. CREDITS	U
Net Plant	B	28. Other Long-Term Liabilities	B
14. (10 thru 12 less 13)	L	EQUITY	L
TOTAL ASSETS		29. Cap. Stock Outstand. & Subscribed	
15. (7+8+9+14)	I	30. Additional Paid-in-Capital	I
		31. Membership and Cap. Certificates	
		32. Patronage Capital Credits	
		33. Retained Earnings or Margins	
		34. Total Equity (29 thru 34)	
		TOTAL LIABILITIES AND	
		35. EQUITY (22+27+28+34)	
Total Equity =		% of Total Assets	

"CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-5, WT Docket No. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

<p style="text-align: center;">USDA-RUS</p> <p style="text-align: center;">FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>OR1109</p> <p>PERIOD ENDING</p> <p>December, 2013</p>
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PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	YEAR-TO-DATE
1. Local Network Services Revenues	R
a. Voice	
b. Video	E
c. Internet	
i. Broadband	D
ii. Other	
2. Network Access Services and Long Distance Revenues	A
3. Miscellaneous Revenues	
4. Other Operating Income	C
5. Uncollectible Revenues	
6. Net Operating Revenues (11 thru 4 less 5)	T
7. Plant Specific Operations Expense	E
8. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	D
9. Customer Operations Expense	
10. Corporate Operations Expense	
11. Other Operating Expenses	
12. Total Operating Expenses (7 thru 11)	F
13. Operating Income or Margins (6 less 12)	O
14. Nonoperating/Nonregulated Net Income	
15. EBITDA (13 + 14)	R
16. Depreciation Expense	
17. Amortization Expense	
18. EBIT (15 - 16 - 17)	
19. Interest on Funded Debt	P
20. Other Interest Expense	
21. Taxes	U
a. Property	
b. Income	B
22. Total Net Income or Margins (18-19-20-21)	L
23 Dividends Declared (Common)	I
24 Dividends Paid	
25 Transfers to Patronage Capital	C
26 Principal Payments on Long Term Debt and Capital Leases	
27 TIER (19 + 26 + 22) / (19 + 20)	

V
I
E
W

"CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-5, WT Docket No. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

USDA-RUS

FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

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PART C. SERVICES

No.	SERVICE OFFERINGS	1. RATES		2. SUBSCRIBERS		Total
		Residential	Business	Residential	Business	
		(a)	(b)	(a)	(b)	(c)
	Broadband Data Packages					
1		R	R			
	Double Play - Voice/Broadband Data	E	E		P	P
2	1m/512k					
3	1.5m/768k	D	D		U	U
4	1m/384k	A	A		B	B
		C	C		L	L
		T	T		I	I
		E	E		C	C
		D	D			
					V	V
		F	F		I	I
		O	O		E	E
		R	R		W	W

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USDA-RUS				BORROWER DESIGNATION	
FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS				OR1109	
				PERIOD ENDING December, 2013	

PART C. COMMUNITIES					
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No.	Community	County	State	No. Broadband Data Customers	Broadband Application
1	Antelope city				
	R	R		P	P
	E	E		U	U
	D	D		B	B
	A	A		L	L
	C	C		I	I
	T	T		C	C
	E	E			
	D	D		V	V
				I	I
	F	F		E	E
	O	O		W	W
	R	R			

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PART D. STATEMENT OF CASH FLOWS		
1.	Beginning Cash	R
		E
CASH FLOWS FROM OPERATING ACTIVITIES:		D
2.	Net Income	A
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		C
3.	Add: Depreciation	T
4.	Add: Amortization	E
5.	Other (Explain) Other Investments	D
<i>Changes in Operating Assets and Liabilities:</i>		R
6.	Decrease/(Increase) in Accounts Receivable	E
7.	Decrease/(Increase) in Materials and Inventory	D
8.	Decrease/(Increase) in Other Current Assets	A
9.	Increase/(Decrease) in Accounts Payable	C
10.	Increase/(Decrease) in Other Current Liabilities	T
11.	Net Cash Provided/(Used) by Operations	E
CASH FLOWS FROM FINANCING ACTIVITIES:		D
12.	Decrease/(Increase) in Notes Receivable	F
13.	Increase/(Decrease) in Notes Payable	O
14.	Plus/(Less) Net Increase/(Decrease) in Long Term Debt (including current maturities)	R
15.	Plus: Increase/(Less: Decrease) in Capital Stock, Paid-in Capital or Membership and Capital Certificates	P
16.	Less: Payment of Dividends	U
17.	Other (Explain)	B
18.	Net Cash Provided/ (Used) by Financing Activities	L
CASH FLOWS FROM INVESTING ACTIVITIES:		I
19.	Net Capital Expenditures	C
20.	Long-Term Investments	V
21.	Other (Explain)	
22.	Net Cash Provided (Used) by Investing Activities	
23.	Net Increase/ (Decrease) in Cash	
24.	Ending Cash	

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PART E. BIP PERFORMANCE MEASURES		
	New Broadband Service	Improved Broadband Service
1. Number of households subscribing to		
2. Number of businesses subscribing to		
3. Number of educational providers receiving		
4. Number of libraries receiving		
5. Number of health care providers receiving		
6. Number of public safety providers receiving		

USDA-RUS

**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

BORROWER DESIGNATION

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Notes to Operating Report - Broadband